

# retired Educator

SUMMER 2002

SEMIANNUAL NEWSLETTER FOR CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM BENEFIT RECIPIENTS

## Teaching Summer School or Intersession?

### Exemptions Are Broad, But New Law Could Affect You

**ON JULY 1, 2002, NEW STATE LAW STARTED THAT ALLOWS EXTRA SERVICE** to count toward CalSTRS retirement. For members retiring in the future, this means that summer school and intersession earnings now count toward calculating CalSTRS retirement benefits. For retired members, this law affects the post-retirement earnings limit. In the past, the earnings limit was applied if you worked in a public school, but did not include extra service such as summer school and intersession. (Employment outside public schools still does not count toward the limit.)

If you exceed the 2002/03 fiscal year limit of \$23,540 and are not exempt, your CalSTRS allowance will be reduced dollar-for-dollar by the amount over the limit. The post-retirement earnings limit applies whether you are employed directly by a school district, by a third party or are working as an independent contractor.

The exemptions from the limit are fairly broad. If you qualify for an exemption, there is no limit to the amount you can earn in a school year.

You may be exempt in 2002/03 if you:

- retired on or before January 1, 2000, and teach in grades K-12 or participate in certain teacher preparation programs
- retired on or before July 1, 2000, and provide direct remedial instruction to students in grades 2-12

- return to CalSTRS-covered employment after a break in service of 12 or more consecutive months after retirement
- fill an administrative position for up to one-half of the full-time equivalent that is vacant because of an unanticipated emergency situation

Disability retirement rules have not changed. For those receiving a disability retirement, all income, regardless of the source, counts against the earnings limit, and there are no exemptions from the limit.

If you have questions, please see information posted on the CalSTRS Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)) or call the CalSTRS Public Service Office at 800-228-5453 to listen to Teletalk message 372.





# CEO Notes

## **I'M PLEASED TO BE WRITING MY FIRST COLUMN IN THE RETIRED EDUCATOR.**

Settling in to my new position as Chief Executive Officer for CalSTRS has been a busy and often hectic experience, but, most of all, a very welcoming one. I'm looking forward to the work ahead, which will be building on an already solid foundation. The California State Teachers' Retirement System is a secure, well-respected pension fund, thanks largely to the hard work of my predecessor Jim Mosman, the dedicated CalSTRS staff and the leadership of the Teachers' Retirement Board.

As far as my top priorities as CEO of CalSTRS, they will be focused on ensuring that our benefits are sound and our service, topnotch. When

the day is done, it comes down to making sure we provide an excellent pension plan to our members and do so with excellent service.

### ***Portfolio is Strong***

You should be pleased to be a member of a retirement system with the third largest investment portfolio in the nation, valued at over \$100 billion. CalSTRS has a worldwide reputation as a stable, dependable and trustworthy pension plan. Part of the success is the CalSTRS investment strategy, which is to follow a disciplined approach in order to provide the best possible long-term returns. This ensures that CalSTRS can weather the inevitable ups and downs of financial markets.

Of course it's important to remember that one of the best features of a defined benefit plan such as CalSTRS' is that your benefit is guaranteed for life. No matter what turn the financial markets take, you can be assured your retirement benefits will not be affected.

That said, in order for CalSTRS to achieve the best returns possible, we must factor some risk in our investment plan. If we didn't take risk, we wouldn't make a good return. However, to minimize risk, we manage our assets so that the portfolio is well diversified. No individual investment is going to make or break our portfolio. Last

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## ABOUT JACK

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| ■ Became Chief Executive Officer of CalSTRS on February 4.   | ■ Is a native of Rochester, New York.  |
| ■ Came to CalSTRS from Great-West Life & Annuity Insurance Company. Was the vice president for corporate affairs where he administered the company's defined benefit and defined contribution plans. | ■ Holds a B.S. from Cornell University and a M.A. from Vanderbilt University.  |
| ■ Was the insurance commissioner for the state of Colorado.  | ■ Received awards as 1992 "State of Colorado Manager of the Year" and the 1999 Career Service Award from the Colorado Group Insurance Association as well as recognition from the Colorado chapter of AARP for outstanding public service. |
| ■ Served as board trustee of the Colorado Public Employees' Retirement Association for 11 years, including 6 years as chair and vice chair.  | ■ Lives in Sacramento with his wife Cindy and daughters Amy and Lacey.   |
|  | ■ Enjoys the great outdoors (he's an avid skier, hiker and camper) and reading good fiction.   |

year's Enron collapse is a good example of the value of diversification. In the period of CalSTRS' decline in Enron stock value, those losses were more than offset by substantial gains in other areas.

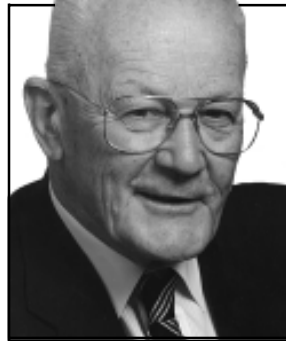
As the third largest pension fund in the U.S., however, we have an obligation to deter wrongful corporate conduct when it undermines the integrity of financial markets. That's why CalSTRS recently was named as lead plaintiff in a class action lawsuit against Homestore.com, Inc.

### ***Customer Service Is Important***

I also want to say a word about customer service here at CalSTRS. You have worked hard for your retirement benefits, and you need to receive information that is clear, comprehensive and timely. CalSTRS will continue our efforts to improve service to you so that you can get the information you need when you need it.

A large part of good service is spending time with customers so that I can be aware of your concerns. I invite you to contact me directly to tell me what is working and not working for you. I would also be happy to speak to groups about retirement issues that affect California's educators. You can contact me at CalSTRS; P.O. Box 15275; Sacramento, California 95851-0275.

Thank you,



## **From the desk of** *Marty Mathiesen*

**SINCE 1996, I'VE HAD THE GOOD FORTUNE OF SITTING ON THE TEACHERS' RETIREMENT BOARD AS THE REPRESENTATIVE OF THE RETIRED MEMBERS.** I am a former coach, athletic director, principal and assistant superintendent. I taught at Cupertino High School, the same school I attended myself. In fact I was a member of the first graduating class in 1929.

It is not just because I am a retired teacher that retirement issues are near and dear to my heart. My son Marty and grandson Michael both graduated from Cupertino High School and have taught in the same school district that I did. I have a son, Pete who just retired from CalSTRS. My grandsons Marty and Kevin are also CalSTRS members. You can see that the issues surrounding CalSTRS benefits and services have direct impacts on my family and me.

You don't get rich teaching school, but you enjoy the kids. And after your years of service, you can enjoy a secure retirement through CalSTRS. As a board member, I've been impressed by how seriously the other board members take their charge of overseeing a retirement

system with more than 171,000 retired members and beneficiaries.

This May, several representatives came to talk to the board about corporate governance issues in light of the Enron scandal. The representatives included Margaret Foran, a vice president of corporate governance at Pfizer. We've talked to Ms. Foran before about corporate governance issues. Impressed by the knowledge and careful questioning she has received previously from the board, Ms. Foran said that she has told her sister, a teacher and CalSTRS member, "You don't need to worry. Your retirement is safe. The CalSTRS board is watching your benefits very carefully."

Many of us who are retired are still active and busy in our lives, but we are enjoying more leisure time than we did as educators. It feels good to know that there are people who have come behind us, people like my sons and grandsons, who are continuing our work educating California's student population. I hope you feel good also, knowing that the TRB is working hard on your behalf and theirs.

Have a great summer and a great retirement. You've earned it!

# Prescription Drug Discount Program Could Save Money

**IF YOU HAVE MEDICARE COVERAGE, YOU MAY BE PAYING TOO MUCH FOR YOUR PRESCRIPTIONS.** A state law in effect since February 2000 allows Medicare beneficiaries who do not have prescription drug coverage to receive their prescription drugs at a cost no higher than the Medi-Cal reimbursement rates (along with a small processing fee of 15 cents).

The Prescription Drug Discount Program was enacted through legislation authored by Senator Jackie Speier and was the country's first program of this kind. (The original legislation is set to sunset at the end of 2002, but current legislation—SB 1278—would extend the program indefinitely.) The program is administered by the California Department of Health Services. Use it to fill prescriptions in California. If you live in another state, check with the Eldercare Locator at 800-677-1116 to see if there is a discount program available to you.

## **How the Program Works**

Anyone who is a Medicare beneficiary and does not have prescription drug insurance is eligible. All you have to do is go to a Medi-Cal

pharmacy provider and show your Medicare card and a valid prescription. The pharmacy can only charge you a price that is no more than the Medi-Cal rate for that prescription. Over 5,000 pharmacies statewide are Medicare providers, including most large retail chains, but check with your individual pharmacy if you aren't sure.

There are no forms to fill out. When you have a prescription filled, it is important that you show the pharmacy staff your Medicare card beforehand. If the prescription is being phoned in by a physician's office, ask the office to notify the pharmacy that you are a Medicare patient.

## **Use if you have no other coverage...**

This discount program is intended for those prescriptions whose entire cost is paid by the Medicare recipient. You must use your current insurance coverage if it would cover the prescription cost.

## **Or if you have coverage, but...**

If you have other coverage, you can still use the Medicare prescription drug discount program if:

- You have reached your yearly or monthly prescription limitation and have to pay for your prescriptions
- Your insurance does not cover a certain prescription drug
- You have a deductible to meet before your coverage begins

## **What is Covered?**

Virtually every prescription medication is covered through the program. The only prescriptions that are not covered are over-the-counter medications and compound drugs. (Compound drugs are prepared by the pharmacist. Ask your doctor or pharmacist if you aren't sure.) How much you save varies depending on the medication and whether it is a brand name or generic drug.



## **For More Information**

For general questions about the prescription drug discount program, contact the Health Insurance Counseling and Advocacy Program, also known as HICAP at 800-434-0222, or call Department of Health Services at 916-657-4302. DHS also has a Web site, ([www.dhs.ca.gov/medicaredrugdiscount](http://www.dhs.ca.gov/medicaredrugdiscount)), which you can visit to find out more about this program. This Web site also has a price calculator where you can look up the prices for 200 of the most used drugs.

If you believe your pharmacy is not charging the correct Medi-Cal rate and you would like to discuss filing a complaint, you can contact the Department of Health Services by e-mail at [sb393rx@dhs.ca.gov](mailto:sb393rx@dhs.ca.gov) or by leaving a message at 916-657-4302.

# Your CalSTRS Benefit Can Be Affected by Divorce

In California, your CalSTRS benefits are considered to be community property and may be affected if you obtain a divorce or legal separation—even after you retire.

## ***An Important Step***

If you file for divorce or legal separation and there is a community property interest against your CalSTRS benefit, you must make CalSTRS a party to your legal action by filing joinder documents. This allows CalSTRS to comply with any resulting court orders.

## ***How Your Benefit Changes If Joined***

The Teachers' Retirement Law provides the *time rule* method to divide community property interest for a member already receiving a monthly CalSTRS benefit. The most common time rule formula provides for the former spouse to receive a portion of the member's retirement benefits according to the following formula:

Service credit earned during the community period ÷ total years of member service credit ÷ 2 x benefit = former spouse's share

**EXAMPLE:** Karen has 30 years of service credit and was married during 20 of those years. Her monthly unmodified benefit is \$2,500. Using the time rule formula. Karen's monthly benefit will be reduced by \$833.34. This benefit will be given to her former spouse:

$$20 \div 30 = 66\% \div 2 = 33\% \times \$2,500 = \$833.34$$

## ***Community Property Booklet Available***

The CalSTRS publication *Community Property Information*, PAO 211, contains details about the legal process; how your retirement and other benefits can be affected; sample forms; a glossary of terms and more. To obtain a copy, call the 24-hour CalSTRS automated telephone system and select option 3. You can also view the booklet on the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov).



**Extra! Extra!**

## **President Bush Proposes Full Elk Hills Funding**

As part of his annual budget proposal, President Bush has included \$36 million for the next installment of the Elk Hills settlement funds. This represents the fifth of seven payments to CalSTRS. The settlement funds are for the state school lands that were part of the Elk Hills Naval Petroleum Reserve sold by the federal government in 1998. These funds must be used by CalSTRS to help pay for purchasing power protection for retirees whose benefits have been eroded by inflation. CalSTRS' Washington representative will keep an eye on this important appropriation as it moves through Congress.



# A Frequently Asked Question

## Where is My Monthly Benefit Payment?

**CUSTOMER SERVICE REPRESENTATIVES FROM THE PUBLIC SERVICE OFFICE** get lots of calls during the beginning of the month from retirees asking about their monthly benefit payment. Sometimes the calls come just a bit early and the check is still in the mail or hasn't been deposited in the bank quite yet. Other times members have forgotten to let CalSTRS know about a new address or a bank change. Although rare, there are also times that checks are lost or stolen or the deposit has been misdirected.

Here's some information about when your monthly benefit is sent, how to report an address or bank change and what to do if your payment is not received.



### ***If You Use Direct Deposit***

Are you one of the 91 percent of CalSTRS benefit recipients who use Direct Deposit? If so, your payment is credited to your account on the first banking day of the month. If the first falls on a non-banking day, funds will usually be credited to your account the next banking day.

In the event the electronic payment does not reach your bank, please verify with the bank that your payment has not been received before you contact CalSTRS. If your bank confirms that it does not have your payment, CalSTRS will place a tracer on the transaction. Once your funds are located, CalSTRS will either credit your account or issue you a paper check, usually within 24 to 48 hours.

If you change banks, please don't forget to notify CalSTRS. You will need to complete a new Direct Deposit Authorization form to authorize CalSTRS in writing to make the change. You will also be asked to send a voided check with the form. The change will take 60 days after CalSTRS receives the form. A good rule of thumb is to leave your old account open until your first payment is deposited into your new account.

If you change addresses, you should notify CalSTRS even if your monthly benefit is directly deposited so that you

can continue to receive your statement. Use the Address Change Request. You can also use this form to cancel Direct Deposit altogether.



### ***If Your Benefit Check Is Sent by Mail***

Are you one of the nine percent who have their monthly benefit check mailed? If so, your checks are mailed by the State Controller's Office in time for delivery on the first day of each month. If you have not received your check by the 5<sup>th</sup> of the month, please call CalSTRS at 800-228-5453.

If your check was undeliverable by the Post Office and returned to CalSTRS, the check will be reissued. If your check was stolen or lost after you received it, CalSTRS can stop payment on the check and issue a replacement. If your check was not received in the mail, CalSTRS will mail a Lost Warrant Affidavit for you to complete. It will take about two weeks from the date the Lost Warrant Affidavit is received by CalSTRS to process a replacement check.

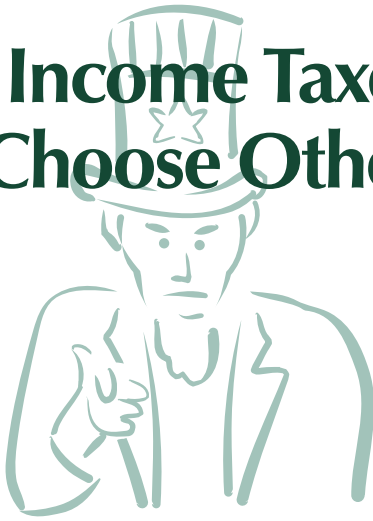
If you change addresses, please send in an Address Change Request. You can also send a letter or a post office change of address card. Address changes must be received in CalSTRS' office by the first day of the month for delivery of the next monthly benefit check to the new address.

CalSTRS encourages the use of Direct Deposit. With Direct Deposit, you receive your monthly benefit earlier and replacement of a lost or misdirected electronic payment is much faster than replacement of a paper check.

### ***To Order Forms***

You can download the Direct Deposit Authorization and Address Change Request forms from the CalSTRS Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)) or order by phone at 800-228-5453.

# Pension Income Taxed Unless You Choose Otherwise



**TAX SEASON HAS COME AND GONE.** How did you do? If you owed taxes or received a large refund, now may be a good time to think about whether you are having the right amount deducted from your monthly benefit or supplemental check.

## ***Taxes on Monthly Benefits***

Normally pension income is taxed at the federal rate for a married individual claiming three withholding allowances unless you have a tax preference on file. The California state tax is 6 percent. You can file a form with CalSTRS that specifies your tax preference, including the choice not to withhold taxes.

You can get the Income Tax Withholding Preference Certificate from the CalSTRS Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)) or by calling 800-228-5453 and selecting option 3. Fill out the form and return it to CalSTRS as soon as possible. It will take up to 60 days after your preference is received by CalSTRS for the change to take effect.

You must live within the United States or a U.S. possession to have no federal income tax withheld from your pension. Federal law prohibits California from taxing pension benefits paid to those who reside outside the state. However, if you live outside the state and you feel

you may be liable for California state taxes from other income, you can continue to request state tax withholding from CalSTRS.

Some members receive more than one monthly payment from CalSTRS. For example, you could receive your own CalSTRS payment and a payment as the option beneficiary of a deceased spouse. If you are receiving more than one monthly payment from CalSTRS, you can elect a different withholding amount for each monthly payment. Just fill out a separate form for each ongoing payment, indicating the type of payment on the form.

## ***Taxes on Supplemental Payments***

CalSTRS pays supplemental benefits, separate from the monthly payment, four times a year to benefit recipients hardest hit by inflation. Those of you receiving the quarterly supplemental payments received your most recent payments in the beginning of April and July. Those payments reflected the increase to 80 percent of purchasing power enacted last year. The next payment is due in October.

Supplemental payments are subject to tax withholding at the federal rate of 27 percent and the state rate of 6 percent. Right now, you can either have taxes withheld at the 27 percent and 6 percent rate or fill out the Income Tax Withholding Preference Certificate to have no withholding. You cannot have taxes withheld at another set rate.

Starting with the October payment, tax withholding on your supplemental payment will be based on your tax preference on file for your monthly payment. This change means the amount of withholding on the supplemental payment can be different than the current established rates, but will be the same rate as your monthly payment. If you receive a supplemental payment, you may want to review your tax preference in the upcoming months to ensure it meets your needs.



## ***For More Information***

For information on income tax withholding, read the IRS Publication 575, "Pension and Annuity Income" and the California Franchise Tax Board Publication FTB 1005, "Pension and Annuity Guidelines." For the IRS, view the publication online at [www.irs.gov](http://www.irs.gov) or call 800-829-1040 to request a copy. For the California State Franchise Tax Board, view the publication at [www.ftb.ca.gov](http://www.ftb.ca.gov) or call 800-852-5711.

## © PHONING CALSTRS FOR INFORMATION. HERE'S HOW ©

Automated telephone systems are not popular with most people. Although impersonal, they do help businesses direct the many calls they receive more efficiently. To make calling the CalSTRS phone line easier, use this quick reference guide. You can cut it out and put it in a CalSTRS file, then use it to bypass the instructional messages the next time you need to call.

CalSTRS modifies the telephone menu from time to time, so keep your eye out for future guides.

✂ PLEASE CLIP AND SAVE THIS QUICK REFERENCE GUIDE ✂

### CalSTRS Public Service Office

To reach PSO call:

Toll-free 800-228-5453

Sacramento Local 916-229-3870

TDD 916-229-3541

### This is what you'll hear:

*Please listen carefully. There are new menu selections available. You have reached the California State Teachers' Retirement System.*

#### **PRESS 1**

To obtain information on your account

#### **PRESS 2**

To use our automated Teletalk system to listen to recorded messages

#### **PRESS 3**

To order forms, booklets, statements of account, duplicate 1099Rs or to register for financial education planning workshops

#### **PRESS 4**

To enter the extension of your disability or survivor benefits caseworker

#### **PRESS 5**

To receive information on the Cash Balance Plan

#### **PRESS 0**

To speak with a Public Service Customer Service Technician

#### **PRESS \***

To repeat this menu

## Use the Magic Words

**[www.calstrs.ca.gov](http://www.calstrs.ca.gov)**

Let the CalSTRS Web site work its magic. Plug in [www.calstrs.ca.gov](http://www.calstrs.ca.gov) to learn about CalSTRS benefits and services, view publications and order forms. And don't let the lack of a computer stop you. Visit your local library. Nearly all of them provide Internet access and staff to help you.





# Let's Talk Teletalk



Take your pick: CalSTRS retirement information is just a phone call or mouse click away. Teletalk has more than 100 messages that help you understand your CalSTRS benefits and services. What's more, Teletalk is available 24 hours a day, seven days a week.

For recorded messages, just dial 800-228-5453 and press 2. Then, if you know the Teletalk message number you want, press 1 to bypass the messages. Otherwise, follow the prompts. And, if at any time you get lost, back up by pressing #.

To read Teletalk messages online, go to [www.calstrs.ca.gov](http://www.calstrs.ca.gov) and select Teletalk from the Quick Navigator.

Here are the general menu choices for Teletalk along with a list of messages that may be of particular interest to retired members.

## 100 General Information

- 102 CalSTRS office hours, location and telephone numbers
- 104 How to change your address with CalSTRS
- 105 Direct Deposit: How to have your monthly check sent electronically to a financial institution
- 106 What to do in the event of a lost check or missing Direct Deposit payment
- 107 How to have insurance premiums deducted from your check
- 109 Community property settlements
- 111 Member Home Loan Program
- 113 Subrogation information
- 116 CalSTRS/CaHLIF Zero-Down Preferred Program
- 117 No points, no fees Home Loan Program

## 150 Membership, Service Credit and Contributions

## 200 Regional Counseling Services

## 250 Purchase of Additional Service Credit and Redeposits

## 300 Pre-Retirement Election of an Option

## 350 Service Retirement

- 369 How to change an option after Service Retirement due to the death of an option beneficiary

- 370 How to change an option after Service Retirement due to dissolution of marriage, annulment or legal separation
- 371 Service Retirement after reinstatement to active status from an earlier Service or Disability Retirement
- 372 Earnings limitations after Service Retirement

## 400 Disability Benefits

### 420 Coverage A, Disability Allowance and Rehabilitation Program

- 424 Earnings limit

### 450 Coverage B, Disability Retirement and Rehabilitation Program

- 454 Earnings limit

## 500 Death Benefits

- 501 How to report a death to CalSTRS
- 502 The importance of Beneficiary Designations
- 503 What documentation is required for payment of a lump-sum death benefit?
- 504 Option Payee designation of a beneficiary

## 520 Coverage A, Family Allowance Program

- 522 Benefits payable at death of member, *after* Service or Disability Retirement

## 550 Coverage B, Survivor Benefits

- 555 Benefits payable at death of member, *after* Service or Disability Retirement

## 600 Increases in Benefits

- 601 Annual Two-Percent Cost of Living Improvement
- 602 Quarterly Supplemental Payments
- 603 Changes in Quarterly Supplemental Payments
- 604 Minimum Guarantee Monthly Allowance
- 605 Surviving Remarried Spouse Reinstatement Program
- 606 Ad-Hoc Increase in 2000
- 607 Expanded Minimum Guarantee Monthly Allowance
- 609 Longevity Bonus

## 650 Tax Liability

- 651 Monthly allowance tax withholding requirements
- 652 Refund and Lump Sum distribution tax withholding requirements
- 653 How to request a duplicate or corrected 1099R Withholding Statement
- 654 When will I incur an Income Tax liability?
- 655 IRS Code Section 415, what it means to you
- 656 1099R information for pre-1989 retirees

## 700 Refund of Contributions

## 750 Deferred Savings Program

## 800 Teachers' Retirement Fund Investment

- 801 Shareholder voting policy and procedures
- 802 Investment assets portfolio

## 900 Cash Balance Benefit Program

# How to Appoint a Durable Power of Attorney

## Trustee Cannot Act On Your Behalf



**THE DURABLE POWER OF ATTORNEY** is one of the most important documents you may never need. If you want a loved one to act on your behalf in the event you become incapacitated, a Durable Power of Attorney is a legal document that grants power to someone else to make decisions for you.

### ***There is No Standard Form***

When it comes to Durable Power of Attorney forms, you have many choices. An attorney can draft a DPOA, and forms are available that you can buy and fill out yourself. For your convenience, CalSTRS also has a Special Power of Attorney form that you can use. You can order it by phone or download it from the CalSTRS Web site.

### ***CalSTRS Needs Affidavit For Each Request***

Unless the DPOA expressly allows them to rely on a photocopy or facsimile, CalSTRS staff must review either the original or a certified copy of the DPOA to make sure it has not been altered. The person acting on your behalf must also submit an affidavit that affirms authority to act on your behalf each time he or she makes a request. CalSTRS has a Declaration of Attorney in Fact form for this use.

 You should have a DPOA on file even if you have a trust.

This form is also available by phone or on the Web.

### ***Revocable or Living Trusts***

As part of their estate planning, some benefit recipients establish revocable or living trusts. They assign their property to the trust and designate a trustee to administer it. Often recipients name themselves as the trustee with another person designated as a successor trustee in the event they become incapacitated. CalSTRS members are not prohibited from assigning or depositing their monthly benefit payment in a trust's bank account or designating a trust to be the designated beneficiary. (The designated beneficiary would receive the lump-sum death payment.) The Education Code, however, prohibits a trust from being an option beneficiary. (An option beneficiary would receive an ongoing monthly allowance.)

Additionally, the Education Code places another important prohibition on trusts. Your trustee cannot automatically act on your behalf in managing certain pension matters, such as changing your address, direct deposit designations or tax withholding preferences. However, a person named under a Durable Power of Attorney can. Therefore, you should have a DPOA on file with CalSTRS even if you have a trust. The person named under the DPOA can be your trustee or another person altogether.

### ***Estate Planning***

Advanced planning can help make handling your affairs go smoothly for you and your loved ones. You may wish to consult a financial planner or attorney for advice about these issues.



### ***For More Information***

Remember, download forms on the Web at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) or order by calling 800-228-5453 and pressing 3.

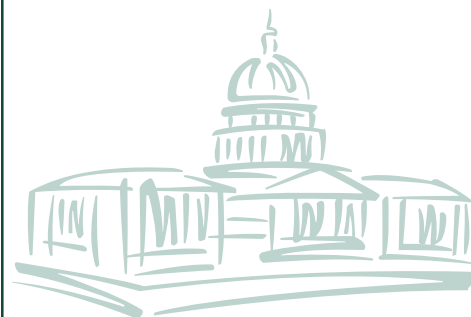
# Enron Doesn't Affect Benefit

**LAST YEAR, THE NEWS SURROUNDING THE COLLAPSE OF ENRON CONCERNED MANY CALSTRS BENEFIT RECIPIENTS.** Some of you called to ask whether your Defined Benefit allowance would be affected. The answer is a resounding no.

Your retirement allowance is based on a formula set by law, not on the overall value of the CalSTRS investment portfolio. So in the case of Enron or any other CalSTRS investment, fluctuations in the investment portfolio will never affect your allowance amount.

Here are the facts on CalSTRS' investments in Enron: CalSTRS owned 2.02 million shares in Enron on June 30, 2001. Since then, all Enron shares have been sold. During the time Enron stock lost its value, the overall CalSTRS investment portfolio gained \$2.2 billion. Overall CalSTRS' losses in Enron were \$47.5 million, which represents a small fraction of the over \$101 billion portfolio.

So rest assured that your monthly benefit is secure, no matter what happens to the CalSTRS investments. If you haven't already done so, read the *CEO Notes* on page 2 for more about CalSTRS' investment strategies



## Legislative Summary

At this time, there is no legislation to report that affects CalSTRS retired members and beneficiaries.



## Thinking about a home loan or refinance? Think about the CalSTRS Home Loan Program

### Competitive interest rates on a variety of mortgage loan programs, including:

- CalSTRS Conventional 30 or 15-year Fixed Rate Program ■ CalSTRS No Points, No Fees, Program ■
- CalSTRS/CaHLIF Zero Down Preferred Program ■

### Ask about the new program—CalSTRS/CaHLIF 80-17 Program

Borrow 80 percent of the loan value with an additional 17 percent financed through a "silent second."

Visit the home loan program page at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) or call a CalSTRS-approved lender for details.

### CALSTRS-APPROVED LENDERS

**CALFED:** 800-CALFED-7 ■ **Countrywide Home Loans:** 800-877-5626

**CUNA Mutual Mortgage Corporation:** 800-356-5626 ■ **First Mortgage Corporation:** 877-595-1998

**North American Mortgage:** 800-700-6262 ■ **Wells Fargo Home Mortgage:** 909-680-3685



P.O. Box 15275  
Sacramento, CA 95851-0275

PRSRT STD  
U. S. POSTAGE  
**PAID**  
Permit No. 25  
Sacramento CA

## HOW TO REACH US

### Write CalSTRS at:

California State Teachers' Retirement System  
P.O. Box 15275  
Sacramento CA, 95851-0275

### Call CalSTRS Public Service Office:

800-228-5453  
916-229-3870  
916-229-3541 for TDD

### Browse CalSTRS Web site at:

[www.calstrs.ca.gov](http://www.calstrs.ca.gov)

When contacting CalSTRS, be sure to  
include your Social Security number.

## CalSTRS Vision Statement

CalSTRS is committed to lifetime security and service that meets the changing needs of California's educators.

### State of California

Gray Davis, Governor  
Aileen Adams, Secretary, State and Consumer  
Services Agency

### Teachers' Retirement Board

Gary Lynes, Chair  
George W. Fenimore, Vice Chair  
Paul G. Krasnow  
Marty Mathiesen  
Karen Russell  
Jay Schenirer  
Carolyn A. Widener  
Phil Angelides, State Treasurer  
Kathleen Connell, State Controller  
Delaine Easton, Superintendent of Public Instruction  
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Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law.

The *Retired Educator* is published twice a year for retired members and benefit recipients of the California State Teachers' Retirement System. Comments or suggestions may be directed to: Editor, Public Affairs, MS #34, P.O. Box 15275, Sacramento, CA 95851

 printed on recycled paper